

**JEFFERSON COUNTY
PUBLIC TRANSPORTATION BENEFIT AREA**

RESOLUTION 14-13

A RESOLUTION of the Board of Directors of Jefferson County Public Transportation Benefit Area relating to contracting indebtedness; providing for the issuance, sale and delivery of \$1,090,000 aggregate principal amount of limited sales tax general obligation bonds to provide funds to acquire, construct and equip a maintenance and administration building, to provide a debt service reserve and to pay the costs of issuance and sale of the bonds; fixing certain terms and covenants of the bonds; and providing for other related matters.

Adopted June 17, 2014

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** The cover page, table of contents and section headings of this resolution are for convenience of reference only, and shall not be used to resolve any question of interpretation of this resolution.*

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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF JEFFERSON COUNTY PUBLIC TRANSPORTATION BENEFIT AREA AS FOLLOWS:

Section 1. Definitions. As used in this resolution, the following capitalized terms shall have the following meanings:

(a) “*Additional Bonds*” means any bonds issued pursuant to Section 11 that are payable from Sales Tax Revenue on a parity with the payment when due of principal of and interest on the Bonds.

(b) “*Annual Debt Service*” for any fiscal year means the principal of and interest on all outstanding Parity Bonds scheduled to be paid in such fiscal year.

(c) “*Authority*” means Jefferson County Public Transportation Benefit Area, also known as “Jefferson Transit Authority,” a public transportation benefit area duly organized and existing under the laws of the State, including chapter 36.57A RCW.

(d) “*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity.

(e) “*Average Annual Debt Service*” means, at any time, the total Annual Debt Service for the current fiscal year and each future fiscal year in which Parity Bonds are scheduled to be outstanding, divided by the total number of such fiscal years.

(f) “*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(g) “*Board*” means the governing body of the Authority, as duly and regularly constituted from time to time.

(h) “*Bond*” means each bond issued pursuant to and for the purposes provided in this resolution.

(i) “*Bond Counsel*” means the firm of Foster Pepper PLLC, its successor, or any other attorney or firm of attorneys selected by the Authority with a nationally recognized standing as bond counsel in the field of municipal finance.

(j) “*Bond Fund*” means the Sales Tax Bond Fund of the Authority established for the payment of the principal of and interest on the Parity Bonds.

(k) “*Bond Purchase Contract*” means an offer to purchase the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of the Bonds, which offer is accepted by the Authority pursuant to this resolution.

(l) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(m) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the Authority.

(n) “*Capital Fund*” means the Capital Fund of the Authority established for, among other purposes, paying the costs of the Project.

(o) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(p) “*Debt Service Account*” means the Debt Service Account in the Bond Fund established to pay and secure the payment of the principal of and interest on the Parity Bonds.

(q) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(r) “*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

(s) “*General Manager*” means the general manager of the Authority or such other officer of the Authority who succeeds to substantially all of the responsibilities of that office.

(t) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(u) “*Issue Date*” means the date of initial issuance and delivery of the Bonds to the Underwriter in exchange for the purchase price of the Bonds.

(v) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the Authority and DTC, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(w) “*MSRB*” means the Municipal Securities Rulemaking Board.

(x) “*Operation Fund*” means the Operation Fund of the Authority established as a “transportation fund” pursuant to RCW 36.57A.130.

(y) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(z) “*Parity Bonds*” means the Bonds and any Additional Bonds.

(aa) “*Project*” means an approximately 13,500 square foot maintenance and administration building, bus parking, canopied fuel island, wash facility, staff and visitor parking area and other public mass transportation capital purposes, as deemed necessary and advisable by the Authority, including acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project.

(bb) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the Authority.

(cc) “*Record Date*” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 12.

(dd) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the Authority utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(ee) “*Reserve Account*” means the Reserve Account in the Bond Fund established to secure the payment of the principal of and interest on the Parity Bonds.

(ff) “*Reserve Account Credit Facility*” means (1) any noncancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States, which insurance company, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by Moody’s Investors Service or Standard & Poor’s Ratings Services or (2) any irrevocable letter of credit issued by a financial institution for the account of the Authority on behalf of the registered owners of any Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest rating categories by Moody’s Investors Service or Standard & Poor’s Ratings Services.

(gg) “*Reserve Account Requirement*” means, on the Issue Date, \$85,250.00, and at any time thereafter, the least of (1) 125% of Average Annual Debt Service; (2) maximum Annual Debt Service for the current fiscal year and each future fiscal year in which Parity Bonds are scheduled to be outstanding; and (3) 10% of the original principal amount of each series of the Parity Bonds then outstanding.

(hh) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(ii) “*Sales and Use Tax*” means the sales and use tax levied by the Authority at the rate of 0.9% pursuant to RCW 82.14.045 and approved by the voters.

(jj) “*Sales Tax Revenues*” means the proceeds of the Sales and Use Tax distributed to the Authority by the State treasurer pursuant to RCW 82.14.060.

(kk) “*SEC*” means the United States Securities and Exchange Commission.

(ll) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the Authority that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(mm) “*State*” means the State of Washington.

(nn) “*Term Bond*” means each Bond designated as a Term Bond and subject to mandatory sinking fund redemption in the years and amounts set forth in Exhibit A.

(oo) “*Treasurer*” means the Jefferson County Treasurer, as *ex officio* treasurer of the Authority.

(pp) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 16.

(qq) “*Underwriter*” means Martin Nelson & Co. of Seattle, Washington.

Section 2. Findings and Determinations. The Authority takes note of the following facts and makes the following findings and determinations:

(a) *Authority and Description of Project.* The Authority is in need of an approximately 13,500 square foot maintenance and administration building, bus parking, canopied fuel island, wash facility, staff and visitor parking area. Pursuant to applicable law, including without limitation chapter 36.57A RCW, the Board is authorized to acquire, construct, operate and maintain a public transportation system and additions and betterments thereto. The Board finds that it is in the best interests of the Authority to carry out the Project.

(b) *Plan of Financing.* Pursuant to applicable law, including without limitation chapters 35.58, 36.57A, 39.36 and 39.46 RCW, the Board is authorized to issue general obligation bonds for public mass transportation capital purposes, including but not limited to replacement of equipment, and the Authority is authorized to pledge for the payment or security of the principal of and interest on any such bonds issued for authorized public transportation purposes all or any portion of any taxes authorized to be levied by the Authority, including but not limited to the Sales and Use Tax. The total expected cost of the Project is approximately \$5,770,438, which is expected to be made up of proceeds of the Bonds, federal grants and other available money of the Authority.

(c) *Debt Capacity.* The amount of indebtedness authorized by this resolution is \$1,090,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the Authority without the assent of the voters, namely, \$16,568,311, or 0.375% of the value of the taxable property in the Authority:

- (1) The assessed valuation of the taxable property within the Authority as ascertained by the last preceding assessment for Authority purposes for collection in the calendar year 2014 is \$4,418,216,296.
- (2) The Authority has no general obligation indebtedness outstanding.

(d) *The Bonds.* For the purpose of providing the funds necessary to carry out the Project, to provide a debt service reserve and to pay the costs of issuance and sale of the Bonds, the Board finds that it is in the best interests of the Authority and its taxpayers to issue and sell the Bonds to the Underwriter, pursuant to the terms set forth in the Bond Purchase Contract consistent with this resolution.

Section 3. Authorization of Bonds. The Authority is authorized to borrow money on the credit of the Authority and issue negotiable limited sales tax general obligation bonds evidencing indebtedness in an aggregate principal amount of \$1,090,000 to provide funds necessary to carry out the Project, to provide a debt service reserve and to pay the costs of issuance and sale of the Bonds. The proceeds of the Bonds allocated to paying the cost of the Project shall be deposited as set forth in Section 9 and shall be used to carry out the Project, or a portion of the Project, in such order of time as the Authority determines is advisable and practicable.

Section 4. Description of Bonds. The Bonds shall be called the Jefferson County Public Transportation Benefit Area Sales Tax Bonds, 2014, and shall be issued in the aggregate principal amount of \$1,090,000. The Bonds shall be dated the Issue Date; shall be issued in Authorized Denominations; and shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification. The Bonds shall mature on the dates and in the principal amounts, and shall bear interest at the rates per annum, payable on the dates, all as set forth in Exhibit A, which is attached to this resolution and incorporated by this reference.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds.* Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties.* The Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the Authority at all times. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the Authority's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this resolution and the system of registration for the Authority's bonds and other

obligations set forth in Resolution 14-12. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange.* The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the Record Date and the applicable maturity or redemption date.

(d) *Securities Depository; Book-Entry Only Form.* DTC is appointed as initial Securities Depository. Each Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the Authority; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the Authority, the Authority may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the Authority does not appoint a substitute Securities Depository, or (ii) the Authority terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this resolution.

Neither the Authority nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the Authority nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

(e) *DTC Letter of Representations.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the Authority approves the Letter of Representations. The General Manager is authorized and directed to execute the Letter of Representations, on behalf of the Authority, and to deliver it to DTC on or before the Issue Date.

Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this resolution and State law. Each Bond shall be signed by the Chair and Clerk of the Board, either or both of whose signatures may be manual or in facsimile. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the Authority, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. Any Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: "Certificate Of Authentication. This Bond is one of the fully registered Jefferson County Public Transportation Benefit Area Sales Tax Bonds, 2014." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

Section 7. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the Authority is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the Authority shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 9. Funds and Accounts; Flow of Funds; Deposit of Bond Proceeds.

(a) *Operation Fund.* The Operation Fund has been established and shall be held and administered by the Treasurer.

(b) *Bond Fund.* The Bond Fund is established and shall be held and administered by the Treasurer for the sole purpose of paying when due principal of and redemption premium, if any, and interest on the Parity Bonds. The Bond Fund shall consist of the Debt Service Account and the Reserve Account.

(c) *Capital Fund.* The Capital Fund has been established and shall be held and administered by the Treasurer for, among other purposes, paying the costs of the Project. After completion of the Project, any Bond proceeds and earnings thereon remaining in the Capital Fund shall be transferred to the Debt Service Account and used to pay interest on the Bonds.

(d) *Flow of Funds.* The Authority shall pay, or cause to be paid, into the Operation Fund, as promptly as practicable after receipt thereof, all Sales Tax Revenues. The Authority shall apply Sales Tax Revenues each month in the following order of priority:

First, to pay into the Debt Service Account (A) the amount, taking into account other money then on deposit therein, that if multiplied by the number of remaining monthly payments to be made before the next interest payment date for the Parity Bonds, equals the amount of interest on the Parity Bonds then payable; and (B) the amount, taking into account other money then on deposit therein, that if multiplied by the number of remaining monthly payments to be made before the next principal payment date for the Parity Bonds, equals the amount of principal of the Parity Bonds then payable;

Second, (A) to pay into the Reserve Account the amount, if any, required to make the balance therein equal to the Reserve Account Requirement in accordance with the provisions of this Section; and (B) to pay any amount required pursuant to any reimbursement obligation in connection with a Reserve Account Credit Facility; provided, that if there is not sufficient money to make all reimbursement obligations, payments will be made to the providers on a pro rata basis; and

Third, for any lawful purpose of the Authority, in any priority that the Authority may establish within this order of priority.

Whenever there is sufficient money in the Bond Fund to pay the principal of and redemption premium, if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay such principal, premium, if any, and interest, and no further deposit need be made into the Bond Fund.

(e) *Debt Service Account.* The Authority shall transfer to the Bond Registrar from the Debt Service Account money in the amounts and on the dates required for the Bond Registrar to pay when due the principal of and interest on the Bonds.

(f) *Reserve Account.* The Authority shall transfer to the Debt Service Account from the Reserve Account money in the amounts and on the dates required to make any payment

required from the Debt Service Account for which money in the Debt Service Account is not otherwise available, first, from money on deposit in the Reserve Account, second, from the liquidation of investments credited to the Reserve Account, and third, from pro rata draws on each Reserve Account Credit Facility credited to the Reserve Account. Any deficiency in the Reserve Account resulting from a transfer to the Debt Service Account shall be made up within one year in no more than twelve approximately equal installments. The Authority may obtain a Reserve Account Credit Facility in substitution for money in the Reserve Account. The Reserve Account shall be valued upon any such substitution and upon the issuance of Additional Bonds, and in any event, at least once per year. Investments credited to the Reserve Account shall be valued at market. Each Reserve Account Credit Facility shall be valued at the amount available to be drawn thereon. Any deficiency in the Reserve Account resulting from a valuation shall be made up within six months in no more than six approximately equal installments. After each valuation, any amount in the Reserve Account in excess of the Reserve Account Requirement shall be transferred to the Debt Service Account.

(g) *Deposit of Bond Proceeds.* On the Issue Date, the Authority shall deposit proceeds received from the sale and delivery of the Bonds as follows:

- (1) into the Reserve Account, \$85,250.00, to satisfy the Reserve Account Requirement;
- (2) into the Capital Fund, \$1,020,750.00, to pay costs of the Project and costs of issuance of the Bonds; and
- (3) into the Debt Service Account, \$709.95, to pay interest on the Bonds.

(h) *Investment of Funds.* Until needed, the Authority may invest money in the Bond Fund in any legal investment. Investment earnings on money in the Bond Fund shall be retained in the Bond Fund and used for the purposes of the Bond Fund. Until needed, the Authority may invest money in the Capital Fund in any legal investment. Investment earnings on money in the Capital Fund shall be retained in the Capital Fund and used for the purposes of the Capital Fund. Earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Bond Fund or Capital Fund and used for those tax or rebate purposes.

Section 10. Security for Bonds. The Bonds are special, limited obligations of the Authority payable from and secured solely by Sales Tax Revenues and amounts, if any, in the Bond Fund. The Authority hereby pledges to the payment when due of the principal of and interest on the Bonds all Sales Tax Revenues, subject to application in accordance with the provisions of this resolution, and amounts, if any, in the Bond Fund. The Authority shall levy the Sales and Use Tax at a rate of not less than 0.9% and shall provide for the continued collection of the Sales and Use Tax. The Authority may pledge additional revenues to the payment of the Bonds. Payment of the Bonds shall be enforceable in mandamus against the Authority and its officials as provided in RCW 39.46.110. The full faith and credit of the Authority, Jefferson County, the State or any other political subdivision of the State are not pledged to the payment of the Bonds. The Bonds do not constitute a debt or obligation of Jefferson County, the State or any political subdivision of the State other than the Authority.

Section 11. Additional Bonds. The Authority shall not issue any bonds or incur any other obligation payable from Sales Tax Revenues prior to the payment when due of principal of and interest on the Bonds. The Authority may issue bonds from time to time in one or more series for any lawful purpose of the Authority that are payable from Sales Tax Revenue on a parity with the payment when due of principal of and interest on the Bonds subject to the following conditions precedent:

(a) the Authority is not in default under this resolution or any resolution authorizing the issuance of Additional Bonds then outstanding;

(b) the principal of and interest on the Additional Bonds shall be payable out of the Bond Fund;

(c) upon the issuance of the Additional Bonds, the balance in the Reserve Account will be equal to the Reserve Account Requirement; and

(d) there is on file with the Clerk of the Board a certificate of the General Manager stating that either (i) the amount of Sales Tax Revenues for a period of 12 consecutive months within the 24 consecutive months preceding the date on which such Additional Bonds will become outstanding is not less than 2.00 times maximum Annual Debt Service for the current fiscal year and each future fiscal year in which Parity Bonds (including the Additional Bonds to be issued) are scheduled to be outstanding or (ii) the Additional Bonds are being issued for the purpose of refunding outstanding Parity Bonds and, after taking into account the issuance of such Additional Bonds and the refunding of such Parity Bonds, the Annual Debt Service for the current fiscal year and each future fiscal year in which Parity Bonds (including the Additional Bonds to be issued) are scheduled to be outstanding will not increase by more than \$5,000 in any such fiscal year.

Nothing in this resolution shall prevent the Authority from issuing bonds or incurring other obligations payable from Sales Tax Revenues in the third priority established under Section 9(d).

Section 12. Redemption Provisions and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds shall be subject to redemption at the option of the Authority as set forth in Exhibit A.

(b) *Mandatory Sinking Fund Redemption.* Each Bond that is designated as a Term Bond in Exhibit A, except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts set forth in Exhibit A. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the Authority and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory sinking fund redemption installments for that Term Bond. The Authority shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory sinking fund redemption date for that Term Bond for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds are to be redeemed at the option of the Authority, the Authority shall select the maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption.* Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the General Manager or his or her designee shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the Authority retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds.* The Authority reserves the right to purchase any or all of the Bonds offered to the Authority or in the open market at any time at any price acceptable to the Authority plus accrued interest to the date of purchase.

Section 13. Tax Covenants; Designation of Bonds as “Qualified Tax Exempt Obligations.”

(a) *Preservation of Tax Exemption for Interest on Bonds.* The Authority covenants that it will take all actions necessary to prevent interest on the Bonds from being included in

gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the Authority treated as proceeds of the Bonds that will cause interest on the Bonds to be included in gross income for federal income tax purposes.

(b) *Post-Issuance Compliance.* The General Manager is authorized and directed to adopt and implement the Authority's written procedures to facilitate compliance by the Authority with the covenants in this resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

(c) *Designation of Bonds as "Qualified Tax-Exempt Obligations."* The Authority designates the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

- (1) the Bonds do not constitute "private activity bonds" within the meaning of Section 141 of the Code;
- (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the Authority and any entity subordinate to the Authority (including any entity that the Authority controls, that derives its authority to issue tax-exempt obligations from the Authority, or that issues tax-exempt obligations on behalf of the Authority) will issue during the calendar year in which the Bonds are issued will not exceed \$10,000,000; and
- (3) the amount of tax-exempt obligations, including the Bonds, designated by the Authority as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bonds are issued does not exceed \$10,000,000.

Section 14. Refunding or Defeasance of the Bonds. The Authority may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the Authority sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this resolution and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Registered Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the Authority may apply money remaining in any fund or account

(other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

Unless otherwise specified by the Authority in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this resolution for the redemption of Bonds.

Section 15. Sale and Delivery of the Bonds.

(a) *Approval of Bond Purchase Contract; Delivery of Bonds.* The Underwriter has presented the Bond Purchase Contract to the Authority offering to purchase the Bonds, which written Bond Purchase Contract is on file with the Clerk of the Board. The Board finds that entering into the Bond Purchase Contract is in the best interest of the Authority and accepts the offer contained therein and authorizes its execution by the General Manager.

(b) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at Authority expense and will be delivered to the *Underwriter* in accordance with the Bond Purchase Contract, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 16. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement.* The Authority has been provided with copies of a preliminary official statement dated June 12, 2014, prepared in connection with the sale of the Bonds. For the sole purpose of the Underwriter's compliance with paragraph (b)(1) of Rule 15c2-12, the General Manager is authorized to deem that preliminary official statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The Authority ratifies and approves the distribution to potential purchasers of the Bonds of that preliminary official statement.

(b) *Final Official Statement.* The Authority approves the preparation of a final official statement for the Bonds in the form of the preliminary official statement, with such modifications and amendments as the General Manager deems necessary or desirable, and further authorizes the General Manager to execute and deliver such final official statement to the Underwriter. The Authority authorizes and approves the distribution by the Underwriter of the final official statement so executed and delivered to purchasers and potential purchasers of the Bonds.

(c) *Undertaking to Provide Continuing Disclosure.* The General Manager is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of the Bonds in substantially the form attached as Exhibit B.

Section 17. Supplemental and Amendatory Resolutions. The Authority may supplement or amend this resolution for any one or more of the following purposes without the consent of any Owners:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the Authority.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this resolution in a manner that does not materially adversely affect the interest of Owners.

Section 18. General Authorization and Ratification. The General Manager and other appropriate officers of the Authority are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this resolution, and to do everything necessary for the prompt delivery of the Bonds to the Underwriter and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 19. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 20. Effective Date of Resolution. This resolution shall take effect and be in force from and after its adoption.

ADOPTED by the BOARD of DIRECTORS of the JEFFERSON COUNTY PUBLIC TRANSPORTATION BENEFIT AREA, at a regular open public meeting thereof, this 17th day of June, 2014.

Chair

Vice Chair

Member

Member

Attest:

Member

Clerk

DESCRIPTION OF THE BONDS

- (a) Aggregate Principal Amount: \$1,090,000.
- (b) Purchase Price: \$1,106,709.95 (\$101.533023 per \$100), representing the stated principal amount of the Bonds plus original issue premium of \$27,609.95, minus an underwriter's discount of \$10,900.00.
- (c) Interest Payment Dates: June 1 and December 1, commencing June 1, 2015.
- (d) Maturity Dates and Interest Rates: The Bonds shall mature on the dates and bear interest at the rates (computed on the basis of a 360-day year of twelve 30-day months), as follows:

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$30,000	0.75%	2023	\$ 55,000	3.00%
2016	45,000	0.90	2024	55,000	3.50
2017	45,000	1.00	2025	60,000	3.50
2018	50,000	1.30	2026	60,000	4.00
2019	50,000	2.50	2027	60,000	4.00
2020	50,000	2.50	***	***	***
2021	50,000	3.00	2030	200,000	4.00
2022	55,000	3.00	***	***	***
			2033	225,000	4.50

- (e) Optional Redemption: The Bonds stated to mature in the years 2015 through 2017, inclusive, are not subject to redemption at the option of the Authority prior to maturity.

The Bonds stated to mature on or after December 1, 2018, are subject to redemption at the option of the Authority, in whole or in part on any date on or after December 1, 2017, and before December 1, 2024, at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption.

(f) Mandatory Sinking Fund Redemption:

The Bonds stated to mature in the years 2030 and 2033 are Term Bonds and will be called for redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on December 1 in the years and amounts as follows:

2030 Term Bonds

Mandatory Redemption Year	Mandatory Redemption Amount
2028	\$65,000
2029	65,000
2030*	70,000

*Maturity.

2033 Term Bonds

Mandatory Redemption Year	Mandatory Redemption Amount
2031	\$70,000
2032	75,000
2033*	80,000

*Maturity.

[Form of]
UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

**JEFFERSON COUNTY
PUBLIC TRANSPORTATION BENEFIT AREA
Sales Tax Bonds, 2014**

Jefferson County Public Transportation Benefit Area (the “Authority”), makes the following written Undertaking for the benefit of holders of the above-referenced bonds (the “Bonds”), for the sole purpose of assisting the Underwriter in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Resolution 14-13 of the Authority (the “Bond Resolution”).

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The Authority undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

- (i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“annual financial information”);
- (ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Timely notice of a failure by the Authority to provide required annual financial information on or before the date specified in paragraph (b).

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the Authority undertakes to provide in paragraph (a):

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the Authority, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (2) principal amount of bonds secured by Sales Tax Revenues outstanding at the end of the applicable fiscal year; and (3) Sales Tax Revenues and rates for that fiscal year;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the Authority (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the Authority's fiscal year ending December 31, 2013; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The Authority will give notice to the MSRB of the substance (or provide a copy) of any amendment to this Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the Authority and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The Authority's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the Authority's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the Authority to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the Authority, and the Authority provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the Authority learns of any failure to comply with this Undertaking, the Authority will proceed with due diligence to cause such noncompliance to be corrected. No failure by the Authority or other obligated person to comply with this Undertaking shall constitute a default in respect of the

Bonds. The sole remedy of any holder of a Bond shall be to take action to compel the Authority or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(g) Designation of Official Responsible to Administer Undertaking. The General Manager or his or her designee is the person designated, in accordance with the Bond Resolution, to carry out this Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

- (i) Preparing and filing the annual financial information undertaken to be provided;
- (ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;
- (iii) Determining whether any person other than the Authority is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;
- (iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the Authority in carrying out this Undertaking; and
- (v) Effecting any necessary amendment of this Undertaking.

CERTIFICATION

I, the undersigned, Clerk of the Board of Directors of the Jefferson County Public Transportation Benefit Area (the "Authority"), hereby certify as follows:

1. The attached copy of Resolution 14-13 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of the Authority held at the regular meeting place thereof on June 17, 2014, as that resolution appears on the minute book of the Authority.

2. A quorum of the members of the Board of Directors was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Resolution.

Dated: June 17, 2014.

JEFFERSON COUNTY
PUBLIC BENEFIT TRANSPORTATION AREA

Clerk of the Board of Directors